The offences under section 276B are proposed to be fully decriminalized, as below:

(i) with simple imprisonment for a term which may extend to two years, or with fine, or with both, in a case where amount of such tax exceeds fifty lakh rupees;

(ii) with simple imprisonment for a term which may extend to six months, or with fine, or with both, in a case where amount of such tax exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(iii) with fine, in any other case.

Section 276BB provides that if a person fails to pay to the credit of the Central Government, the tax collected by him as required under the provisions of section 206C, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

In this regard, it is proposed to amend section 276BB of the Act as below:

(i) with simple imprisonment for a term which may extend to two years, or with fine, or with both, in a case where amount of such tax exceeds fifty lakh rupees;

(ii) with simple imprisonment for a term which may extend to six months or with fine, or with both, in a case where amount of such tax exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(iii) with fine, in any other case.

Section 276C(1) provides that if a person wilfully attempts in any manner whatsoever to evade any tax, penalty or interest chargeable or imposable, or under reports his income, under this Act, he shall, without prejudice to any penalty that may be imposable on him under any other provision of this Act, be punishable,— (i) in a case where the amount sought to be evaded or tax on under-reported income exceeds twenty-five hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine; (ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine. Further, section 276C(2) states that if a person wilfully attempts in any manner whatsoever to evade the payment of any tax, penalty or interest under this Act, he shall, without prejudice to any penalty that may be imposable on him under any other provision of this Act, be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and shall, in the discretion of the court, also be liable to fine.

It is proposed to amend section 276C as below:

(a) with simple imprisonment for a term which may extend to two years, or with fine, or with both, in a case where the amount sought to be evaded or tax on under-reported income exceeds fifty lakh rupees;

(b) with simple imprisonment for a term which may extend to six months, or with fine, or with both, in a case where the amount sought to be evaded or tax on under-reported income exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(c) with fine, in any other case.

Further, punishment of offences under section 276C(2) is proposed to be changed as below:

(a) with simple imprisonment for a term which may extend to two years, or with fine, or with both, in a case where the amount sought to be evaded exceeds fifty lakh rupees;

(b) with simple imprisonment for a term which may extend to six months, or with fine, or with both, in a case where the amount sought to be evaded exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(c) with fine, in any other case.

Section 276CC provides that if a person wilfully fails to furnish in due time the return of fringe benefits which he is required to furnish under sub-section (1) of section 115WD or by notice given under sub-section (2) of the said section or section 115WH or the return of income which he is required to furnish under sub-section (1) of section 139 or by notice given under clause (i) of sub-section (1) of section 142 or section 148 or section 153A, he shall be punishable,— (i) in a case where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds twenty-five hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine; (ii) in any other case, with imprisonment for a term which shall not be less than three months but which may extend to two years and with fine

It is proposed to amend section 276CC of the Act so as to change the punishment as below:

(a) with simple imprisonment for a term which may extend to two years, or with fine, or with both, in a case where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds fifty lakh rupees;

(b) with simple imprisonment for a term which may extend to six months, or with fine, or with both, in a case where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(c) with fine, in any other case.

Section 276CCC provides that if a person wilfully fails to furnish in due time the return of total income which he is required to furnish by notice given under clause (a) of sub-section (1) of section 158BC, he shall be punishable with imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.

It is proposed to amend section 276CCC so as to change the punishment as below:

(a) with simple imprisonment for a term which may extend to two years, or with fine, or with both, in a case where the amount of tax exceeds fifty lakh rupees;

(b) with simple imprisonment which may extend to six months, or with fine, or with both, in a case where the amount of tax, exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(c) with fine, in any other case.

Section 276D provides that if a person wilfully fails to produce, or cause to be produced, on or before the date specified in any notice served on him under sub-section (1) of section 142, such accounts and documents as are referred to in the notice or wilfully fails to comply with a direction issued to him under sub-section (2A) of that section, he shall be punishable with rigorous imprisonment for a term which may extend to one year and with fine.

It is proposed to amend section 276D of the Act so as to change the punishment as below:

(a) in the case where a person wilfully fails to produce, or cause to be produced, on or before the date specified in any notice served on him under sub-section (1) of section 142, such accounts and documents as are referred to in the notice. This offence is proposed to be decriminalised.

(b) in the case where a person wilfully fails to comply with a direction issued to him under sub-section (2A) of section 142, he shall be punishable with rigorous imprisonment for a term which may extend to one year and with fine. This punishment is proposed to be changed to “simple imprisonment for a term which may extend to six months or with fine”.

These amendments will take effect retrospectively from 1st March, 2026.

Clause 21 of the Bill seeks to amend section 277 of the Income-tax Act, 1961 relating to false statement in verification, etc.

The said section provides that if a person makes a statement in any verification under this Act or under any rule made thereunder, or delivers an account or statement which is false, and which he either knows or believes to be false, or does not believe to be true, he shall be punishable,— (i) in a case where the amount of tax, which would have been evaded if the statement or account had been accepted as true, exceeds twenty-five hundred thousand

rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine; (ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine.

It is proposed to amend the said section so as to change the as below:

(a) with simple imprisonment for a term which may extend to two years, or with fine, or with both, in a case where the amount of tax, which would have been evaded if the statement or account had been accepted as true, exceeds fifty lakh rupees;

(b) with simple imprisonment for a term which may extend to six months, or with fine, or with both, in a case where the amount of tax, which would have been evaded if the statement or account had been accepted as true, exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(c) with fine, in any other case.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 22 of the Bill seeks to amend section 277A of the Income-tax Act, 1961 relating to falsification of books of account or document, etc.

The said section, *inter alia*, provides that if any person wilfully and with intent to enable any other person to evade any tax or interest or penalty chargeable and imposable under this Act, makes or causes to be made any entry or statement which is false and which the first person either knows to be false or does not believe to be true, in any books of account or other document relevant to or useful in any proceedings against the first person or the second person, under this Act, the first person shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine.

It is proposed to amend the said section of the Act so as to change the punishment from "rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine" to "simple imprisonment for a term which may extend to two years and shall also be liable to fine".

This amendment will take effect retrospectively from 1st March, 2026.

Clause 23 of the Bill seeks to amend section 278 of the Income-tax Act, 1961 relating to abetment of false return, etc.

The said section, *inter alia*, provides that if a person abets or induces in any manner another person to make and deliver an account or a statement or declaration relating to any income or any fringe benefits chargeable to tax which is false and which he either knows to be false or does not believe to be true or to commit an offence under sub-section (1) of section

276C, he shall be punishable,— (i) in a case where the amount of tax, penalty or interest which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be evaded, exceeds twenty-five hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine; (ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine.

It is proposed to amend the said section so as to change the punishment as below:

(i) with simple imprisonment for a term which may extend to two years, or with fine, or with both, in a case where the amount of tax, penalty or interest which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be evaded, exceeds fifty lakh rupees;

(ii) with simple imprisonment for a term which may extend to six months, or with fine, or with both, in a case where the amount of tax, penalty or interest which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be evaded, exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(iii) with fine, in any other case.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 24 of the Bill seeks to amend section 278A of the Income-tax Act, 1961 relating to punishment for second and subsequent offences.

The said section provides that if any person convicted of an offence under section 276B or section 276BB or sub-section (1) of section 276C or section 276CC or section 276DD or section 276E or section 277 or section 278 is again convicted of an offence under any of the aforesaid provisions, he shall be punishable for the second and for every subsequent offence with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine.

It is proposed to amend the said section so as to change the from “rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years, and with fine” to “simple imprisonment for a term which shall not be less than six months but which may extend to three years and shall also be liable to fine”.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 25 of the Bill seeks to amend section 280 of the Income-tax Act, 1961 relating to disclosure of particulars by public servants.

The said section 280(1), *inter alia*, that if a public servant furnishes any information or produces any document in contravention of the provisions of sub-section (2) of section 138, he shall be punishable with imprisonment which may extend to six months, and shall also be liable to fine.

It is proposed to amend the said section so as to change the punishment from "imprisonment which may extend to six months, and shall also be liable to fine" to "simple imprisonment which may extend to one month, or with fine, or with both".

This amendment will take effect retrospectively from 1st March, 2026.

Clause 26 of the Bill seeks to insert a new section 292BA of the Income-tax Act, 1961 relating to return of income, etc., not to be invalid on certain grounds.

It is proposed to insert a new section 292BA so as to clarify that no assessment under any of the provisions of the said Act shall be invalid or shall be deemed to have been invalid on the ground of any mistake, defect or omission in respect of quoting of a computer generated Document Identification Number, if the assessment order is referenced by such number in any manner.

This amendment will take effect retrospectively from 1st October, 2019.

B.— Income-tax under the Income-tax Act, 2025

Clause 27 of the Bill seeks to amend section 2 of the Income-tax Act, 2025 relating to definitions of the expressions.

Clause (32) of the said section provides for the definition of the expression "co-operative society".

However, co-operative societies registered under the Multi-State Cooperative Societies Act, 2002, are not explicitly recognised in the definition presently provided in the said clause.

It is proposed to amend the said clause so as to include the co-operative societies registered under the Multi-State Co-operative Societies Act, 2002, within the scope of the definition of the expression "co-operative society".

Clause (40) of the said section, *inter alia*, provides the definition of the expression "dividend".

It is further proposed to omit sub-clause (f) of the said section so as to exclude consideration received on buyback of shares from the scope of dividend.

Sub-clause (v) to the first long line of the said clause provides that dividend does not include any advance or loan between two group entities, where,—

(A) one of the group entities is a "Finance company" or a "Finance unit"; and

(B) the parent entity or principal entity of such group is listed on stock exchange in a country or territory outside India other than the country or territory outside India as may be specified by the Board in this behalf.

It is also proposed to substitute the said sub-clause, *inter alia*, so as to provide that the other group entity to the transaction is located in a country or territory outside India, the parent entity or the principal entity of such group is listed on stock exchange in a country or territory outside India, and for such purposes the country or territory outside India shall be specified by the Central Government, by notification in the Official Gazette.

It is also proposed to provide definition of the expressions "group entity", "parent entity" and "principal entity".

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 28 seeks to amend section 7 of the Income-tax Act, 2025 relating to income deemed to be received and dividend deemed to be income in a tax year.

Clause (a) of sub-section (2) of the said section provides for the year of taxability of dividend income by reference to the definition of dividend under section 2(40)(a) to (f). It is proposed to amend clause (a) of the said sub-section so as to omit the reference of clause (f) of section 2(40).

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 29 of the Bill seeks to amend section 21 of the Income-tax Act, 2025 relating to determination of annual value.

Sub-section (5) of the said provides that where a property is held as stock-in-trade and is not let wholly or partly at any time during the tax year, the annual value of such property or part thereof shall be nil for two years from the end of the financial year in which the certificate for completion of construction is obtained from the competent authority.

It is proposed to amend the said sub-section so as to change the annual value of property or part thereof to be treated as nil "for two years" instead of "up to two years".

This amendment will take effect from 1st April, 2026.

Clause 30 of the Bill seeks to amend section 22 of the Income-tax Act, 2025 relating to deductions from income from house property.

The said section deals with deductions in the case of income from house property. Further, sub-section (2) of the said section provides that the aggregate amount of deduction in the case of self-occupied property shall not exceed ₹ 2 lakhs where property is acquired or constructed with borrowed capital. However, this ceiling of ₹ 2 lakhs has not included the deduction of prior-period interest payable for the acquisition or construction of property.

It is proposed to amend the said sub-section so as to provide that aggregate amount of deduction for interest on borrowed capital shall be inclusive of prior-period interest payable.

This amendment will take effect from 1st April, 2026.

Clause 31 of the Bill seeks to amend section 29 of the Income-tax Act, 2025 relating to deductions related to employee welfare.

Sub-clause (i) of clause (e) of sub-section (1) of the said section provides for deduction of any amount of contribution received by the assesee being an employer from an employee to which the provisions of section 2(49)(o) apply, if such amount is credited by the assessee to the account of the employee in the relevant fund or funds by the due date.

Sub-clause (ii) of clause (e) of sub-section (1) of the said section provides that "due date" means the date by which the assessee is required as an employer to credit employee contribution to the account of an employee in the relevant fund under any Act, rule, order or notification issued under it or under any standing order, award, contract of service or otherwise.

It is proposed to substitute the said clause so as to provide that due date for the purposes of the said section shall be on or before the due date of filing of return of income under section 263(1) for the assessee.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 32 seeks to amend section 58 of the Income-tax Act, 2025 relating to special provision for computing profits and gains of business or profession on presumptive basis in case of certain residents.

It is proposed to amend this section omit the reference of section 144 and consequentially to omit sub-clause (i) of clause (a) of sub-section (11) of the said section.

This amendment will take effect from 1st April, 2026.

Clause 33 of the Bill seeks to amend section 66 of the Income-tax Act, 2025 relating to interpretation of certain expression in Part D of Chapter IV.

It is proposed to provide the definition of commodity derivative therein.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 34 seeks to amend section 69 of the Income-tax Act, 2025 relating to capital gains on purchase by company of its own shares or other specified securities.

It is proposed to substitute sub-section (2) so as to provide that in respect of capital gains referred to in sub-section (1), where the shareholder or holder of other specified securities is a promoter, the aggregate income-tax payable on such capital gains shall be,—

(a) the income-tax payable on such capital gains in accordance with the provisions of the Act; and

(b) an additional income tax in respect of capital gains specified in column B of the Table below, computed at the rate specified in column C or column D of the said Table;

TABLE

Sl. No	Income	Rate, where the promoter is a domestic company	Rate, where the promoter is other than a domestic company
A	B	C	D
1.	Short-term capital gains referred to in section 196 arising from the transfer of such securities.	2%	10%
2.	Long-term capital gains referred to in section 197 or section 198 arising from the transfer of such securities.	9.5%	17.5%

It is further proposed to substitute sub-section (3) so as to provide definitions to certain expressions.

These amendments will take effect from the 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 35 of the Bill seeks to amend section 70 of the Income-tax Act, 2025 relating to transactions not regarded as transfer.

It is proposed to substitute clause (x) of sub-section (1) of the said section so as to provide that the exemption will be applicable only to those Sovereign Gold Bonds issued by the

Reserve Bank of India that are subscribed to by an individual at the time of original issue and are held continuously by such individual until redemption upon maturity, and to provide that this exemption shall apply uniformly to all Sovereign Gold Bonds issued by the Reserve Bank of India.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 36 seeks to amend section 93 of the Income-tax Act, 2025 relating to deductions.

The said section provides for deduction of interest expenditure, subject to a specified limit, while computing dividend income and income from units of mutual funds.

It is proposed to amend sub-section (1) and substitute sub-section (2) of the said section so as to provide that no deduction shall be allowed in respect of any expenditure against dividend income and income from units of mutual funds.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026–2027 and subsequent years.

Clause 37 of the Bill seeks to amend section 99 of the Income-tax Act, 2025 relating to income of individual to include income of spouse, minor, child, etc.

It is proposed to make consequential amendment in the said section regarding cross reference.

This amendment will take effect from 1st April, 2026.

Clause 38 of the Bill seeks to amend section 147 of the Income-tax Act 2025 relating to deductions for income of Offshore Banking Units and Units of International Financial Services Centre.

Sub-section (1) of the said section allows deduction to certain entities specified therein. Sub-section (2) of the said section provides the time period for such deduction.

It is proposed to amend sub-section (2) of the said section so as to extend the tax holiday for twenty consecutive years from ten years and twenty consecutive years out of twenty-five years respectively to entities under clauses (a) and (b) of sub-section (1) of the said section.

It is further proposed to substitute sub-sections (5) so as to provide that the units referred to in sub-section (1) shall be entitled to benefit if such unit is not formed by splitting up, reconstruction, reorganisation or transfer a business.

It is also proposed to insert sub-section (6) to the said section so as to explain the expression “relevant tax year”, and to define the expressions “Unit” and “aircraft and ship”.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 39 of the Bill seeks to amend section 149 of the Income-tax Act, 2025 relating to deduction in respect of income of co-operative societies.

Clause (b) of sub-section (2) of the said section, *inter alia,* provides for deduction of whole of the amount of profits and gains of business in the case of a co-operative society, being a primary society engaged in supplying milk, oilseeds, fruits, or vegetables raised or grown by its members to certain entities.

It is proposed to include cotton seeds and cattle feed also within the ambit of the said clause.

Clause (d) of sub-section (2) of the said section allows for deduction of income by way of dividends received by the co-operative society from any other co-operative society in the old tax regime.

It is further proposed to amend said clause so as to provide that the inter-cooperative societies dividend shall also be allowed as a deduction under the new tax regime under sections 203 and 204 of the Act, for the co-operative societies, to the extent such dividend is distributed by the co-operative society to its members.

It is also proposed to insert a new sub-section (6) to define to certain expressions.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 40 of the Bill seeks to substitute section 150 of the Income-tax Act, 2025 relating to interpretation for purposes of section 149.

The proposed section provides for deduction in respect of federal co-operative.

Sub-section (1) of the proposed section provides that the income by way of dividend by federal co-operative from any company in respect of investments made on or before the 31st January, 2026 is to be allowed as deduction in both the new and the old tax regime.

Sub-section (2) thereof provides that such deduction shall not apply to any tax year beginning on or after the 1st April, 2029.

Sub-section (3) thereof provides for the definition of the expression “federal co-operative”.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 41 seeks to amend section 162 of the Income-tax Act, 2025 relating to meaning of associate of enterprise.

It is proposed to amend the said section to substitute clause (c) of sub-section (1) to remove the reference of section 144.

This amendment will take effect from 1st April, 2026.

Clause 42 seeks to amend section 164 of the Income-tax Act, 2025 relating to meaning of specified domestic transaction.

It is proposed to substitute clause (d) of the said section to omit the reference of section 144.

This amendment will take effect from 1st April, 2026.

Clause 43 seeks to amend section 165 of the Income-tax Act, 2025 relating to determination of arm’s length price.

It is proposed to amend sub-section (7) of the said section to omit the reference of section 144.

This amendment will take effect from 1st April, 2026.

Clause 44 of the Bill seeks to amend section 166 of the Income-tax Act, 2025 relating to reference to Transfer Pricing Officer.

The said section provides that where an assessee, has entered into an international transaction or specified domestic transaction in any previous year, and the Assessing Officer has made a reference for computation of the arm's length price in relation to the said international transaction or specified domestic transaction to the Transfer Pricing Officer.

Sub-section (7) of the said section 166 provides that where a reference to Transfer pricing Officer was made under sub-section (1), an order under sub-section (6) has to be made at any time sixty days before the expiry of the period specified in section 286 or 296, for making the order of assessment or reassessment or recomputation or fresh assessment.

It is proposed to amend the said sub-section to clarify that where a reference has been made under sub-section (1), an order under sub-section (6) has to be made at any time before one month prior to the month in which the period of limitation referred to in section 286 or 296, for making the order of assessment or reassessment or recomputation or fresh assessment, expires and accordingly, where such period–

(a) expires on the 31st March of any year, the order under sub-section (6) has to be made on or before the 31st January of that year;

(b) expires on the 31st December of any year, the order under sub-section (6) has to be made on or before the 31st October of that year.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 45 of the Bill seeks to amend section 169 of the Income-tax Act, 2025 relating to effect to advance pricing agreement.

Sub-section (1) of the said section provides that if return for any tax year covered by an advance pricing agreement has been furnished by any person, before the date of entering into the said agreement, he shall, irrespective of anything to the contrary contained in section 263, furnish a modified return, in accordance with and limited to the agreement, in respect of such tax years, within three months from the end of the month in which the agreement was entered into.

It is proposed to substitute the said sub-section so as to provide that where an income is modified as a result of advance pricing agreement entered into with any person then, such person shall, or any other person being an associated enterprise, may, furnish a return or a modified return, as the case may be, in accordance with and limited to the agreement; within a period of three months from the end of the month in which the said agreement was entered into, in respect of tax years covered by such agreement.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 46 of the Bill seeks to amend section 195 of the Income-tax Act, 2025 relating to tax on income referred to in sections 102 to 106.

It is to proposed to amend the said section so as to reduce the rate of income-tax calculated on income referred to in sections 102 to 106 from 60% to 30%.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 47 seeks to amend section 202 of the Income-tax Act, 2025 relating to new tax regime for individual Hindu undivided family and others.

It is proposed to omit sub-clause (iii) of clause (a) of sub-section (2) of the said section to omit the reference of section 144.

This amendment will take effect from 1st April, 2026.

Clause 48 of the Bill seeks to amend section 203 of the Income-tax Act, 2025 relating to tax on income of certain resident co-operative societies.

The said section provides for the deduction not to be allowed on dividends received by co-operatives.

It is proposed to amend sub-clause (i) of clause (a) of sub-section (1) of the said section so as to provide that the inter-co-operative societies dividend be allowed as a deduction under the new tax regime provided under the said section for co-operative societies, to the extent such dividend is distributed by the cooperative society to its members.

It is further proposed that the income by way of dividend received by federal co-operative referred to in section 150 from any company in respect of investments made before the 31st January, 2026 be allowed as deduction in the new tax regime. This deduction is proposed to be limited to the amount of dividend distributed by the federal cooperative to its members and which is received on or before 31st March, 2029.

It is also proposed to insert a new sub-section (7) so as to provide that in case of on assessee, being a co-operative societies, which has exercised option under sub-section (5) the requirements contained in sub-section (1) shall be modified to the extent that the deduction under section 149(2)(d)(ii) shall be available to such assessee as does not exceed the amount of dividend distributed by it to its members at least one month before the due date for filing the return of income under section 263(1).

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 49 of the Bill seeks to amend section 204 of the Income-tax Act, 2025 relating to tax on income of certain new manufacturing co-operative societies.

The said section provides for the deduction not to be allowed on dividends received by co-operatives.

It is proposed to amend sub-section (i) of clause (a) of sub-section (1) of the said section to provide that the inter-co-operative societies dividend be allowed as a deduction under the new tax regime provided under section 204 for the cooperative societies, to the extent such dividend is distributed by the cooperative society to its members.

It is further proposed that the income by way of dividend received by federal cooperatives from any company in respect of investments made before 31st January, 2026 be allowed as deduction in the new tax regime. This deduction is proposed to be limited to the amount of dividend distributed by the federal cooperative to its members and which is received on or before 31st March, 2029.

It is also proposed to insert a new sub-section (5) so as to provide that in case of on assessee, being a co-operative societies, which has exercised option under sub-section (2), the requirements contained in sub-section (3), shall be modified to the extent that the deduction under section 149(2)(d)(ii) shall be available to such assessee as does not exceed

the amount of dividend distributed by it to its members at least one month before the due date for filing the return of income under section 263(1).

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 50 of the Bill seeks to amend section 206 of the Income-tax Act relating to special provision for minimum alternate tax and alternate minimum tax.

The said section, *inter alia*, provides for minimum alternate tax applicable only for companies. This tax is charged on the book profit of the assessee and not the taxable income computed under the provisions of the Act. The rate of minimum alternate tax is 15% for corporates other than units located in an International Financial Services Centre. In case the minimum alternate tax is higher than the income-tax payable on the company's total income computed under normal tax provisions, the assessee pays minimum alternate tax and is allowed credit on the difference.

If a company pays minimum alternate tax when it is higher than regular tax, the excess amount paid is allowed as a tax credit which can be carried forward up to fifteen years and can be set off in future years where the company's regular tax liability exceeds the minimum alternate tax liability.

It is proposed that minimum alternate tax is to be made a final tax in the old regime and shall be liable to a tax rate of 14% instead of the existing 15%. Further, set-off of minimum alternate tax credit is to be allowed only in the new tax regime for domestic companies. However, the amount of set off shall be restricted to 25% of the tax liability. In the case of foreign companies, set off is proposed to be allowed to the extent of the difference between the tax on the total income and the minimum alternate tax for the tax year in normal tax is more than minimum alternate tax.

Clause (*l*) of sub-section (1) of the said section provides for the provisions pertaining to minimum alternate tax shall not apply to any assessee, being a foreign company, where the total income of the assessee comprises solely of profits and gains from business referred to in section 61(2) (Table: Sl. Nos. 1, 3, 4 and 5), and such income has been offered to tax at the rates specified in the respective sections. However, certain other specified businesses of non-residents who have also opted for presumptive taxation under section 61 have not been so excluded.

It is further proposed to amend the said clause to substitute sub-clause (iii) so as to provide that the specified businesses shall also be excluded from the applicability of minimum alternate tax.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 51 of the Bill seeks to substitute sections 217 and 218 of the Income-tax Act, 2025 relating to benefit under Chapter to be available in certain cases even after assessee becomes resident and Chapter not to apply if the assessee so chooses, respectively, with new sections.

The proposed section 217 provides for application of benefits under sections 212 to 216.

It is proposed to substitute the said sections so as to give effect to the proposal related to taxation of income of Offshore Banking Units and Units of International Financial Services Centre in non-holiday period.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 52 seeks to amend section 227 of the Income-tax Act, 2025 relating to computation of tonnage income.

Sub-section (4) of the said section provides that the tonnage shall mean the tonnage of a ship or inland vessel, as the case may be, indicated in the certificate referred to in sub-section (9) of the said section.

It is proposed to amend clause (a) of sub-section (4) of the said section so as to substitute the word “certificate” with the words “valid certificate”.

Sub-clause (iii) of clause (b) of sub-section (9) of the said section provides that in case of inland vessel registered in India, a valid certificate shall mean a certificate issued under the Inland Vessels Act, 2021.

It is proposed to amend the said sub- clause so as to substitute the word “certificate” with the words “certificate of registration”.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation the tax year 2026-2027 and subsequent years.

Clause 53 seeks to amend section 228 of the Income-tax Act, 2025 relating to relevant shipping income and exclusion from book profit.

Item (A) of sub-clause (ii) of clause (b) of sub-section (3) of the said section provides that on-board or on-shore activities of passenger ships would be included in the core activities of a tonnage company.

It is proposed to amend the said item so as to bring inland vessels also under its ambit.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 54 seeks to amend section 232 of the Income-tax Act, 2025 relating to certain conditions for applicability of tonnage tax scheme.

Sub-section (12) of the said section provides that a tonnage tax company shall comply with the minimum training requirement in respect of trainee officers as per the guidelines issued by the Director-General of Shipping and notified by the Central Government.

It is proposed to amend the said sub-section so as to insert reference to Inland Waterways Authority of India, in case of inland vessels.

Sub-section (13) of the said section provides that a tonnage tax company is required to furnish a copy of the certificate issued by the Director-General of Shipping to the effect that such company has complied with the minimum training requirement a per the relevant guidelines along with the return of income under section 263.

It is further proposed to amend the said sub-section so as to insert reference to designated authority as appointed by the respective State Governments under the Inland Vessels Act, 2021.

Sub-section (17) of the said section provides that the average of net tonnage shall be computed in the manner prescribed, in consultation with the Director-General of Shipping.

It is also proposed to amend the said sub-section so as to insert reference to the Inland Waterways Authority of India.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 55 seeks to amend section 235 of the Income-tax Act, 2025 relating to interpretation for certain expressions in Part G of Chapter XIII.

It is proposed to amend the said section to insert new sub-clause (fa) so as to provide that “Inland Waterways Authority of India” shall have the same meaning as assigned to it in section 3 of the Inland Waterways Authority of India Act, 1985.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 56 of the Bill seeks to amend section 262 of the Income-tax Act, 2025 relating to Permanent Account Number.

The said section provides that the Board may make rules to provide for categories of documents pertaining to business or profession in which Permanent Account Number shall be quoted by every person;

It is proposed to amend clause (c) of sub-section (10) of the said section so as to enable the Central Board of Direct Taxes to make rules for quoting of Permanent Account Number in documents in such transactions which do not relate to business or profession.

This amendment will take effect from 1st April, 2026.

Clause 57 of the Bill seeks to amend section 263 of the Income-tax Act, 2025 relating to return of income.

Clause (c) of sub-section (1) of said section defines the expression "due date" as the date of the financial year succeeding the relevant tax year for filing the return of income by different classes of assessee or person with different conditions applied therein.

It is proposed to substitute said clause (c) for the purposes of this section "due date" in respect of the persons mentioned column B of the Table below, subject to the conditions mentioned in column C of the said Table, shall be the due date of the financial year succeeding the relevant tax year as mentioned in column D thereof:

TABLE

Sl. No.	Person	Conditions	Due date
A	B	C	D
1.	Assessee, including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse).	Where the provisions of section 172 apply.	30th November.
2.	(i) Company; (ii) Assessee (other than a company) whose accounts are required to be audited under this Act or under any other law in force; (iii) partner of a firm whose accounts are required to be audited under this Act or under any other law in force; or the spouse of such partner (if section 10 applies to such spouse).	Where the provisions of section 172 do not apply.	31st October.

3.	(i) Assessee having income from profits and gains of business or profession whose accounts are not required to be audited under this Act or under any other law in force; (ii) partner of a firm whose accounts are not required to be audited under this Act or under any other law in force or the spouse of such partner (if section 10 applies to such spouse).	Where the provisions of section 172 do not apply.	31st August.
4.	Any other assessee.		31st July.

Sub-section (5) of the said section deals with the revised return of income. It allows a person who has already furnished a return under section 263(1) and (4) to file a revised return, if any omission or wrong statement is discovered in the original or belated return. Such revised return required to be furnished within nine months from the end of the relevant tax year or before completion of assessment, whichever is earlier.

It is further proposed to amend the said section so as to increase the prescribed time limit for filing the revised return from its existing time limit of nine months to twelve months from the end of the relevant tax year.

The said section provides for comprehensive framework that lays down the class of persons who are required to file a return, the due dates, and the different types of returns that may be furnished. It covers the original return, belated return, revised return and updated return.

Sub-section (6) of the said section provides for the updated return of income. It allows a taxpayer, whether or not a return was furnished earlier, to file an updated return within forty-eight months from the end of the financial year succeeding the relevant tax year. This provision promotes voluntary compliance on the part of taxpayer to offer the income for taxation.

Sub-clause (v) of clause (c) of the said sub-section prohibits filing of updated return in such cases where any proceedings for assessment or reassessment or recomputation or revision of income is pending or has been completed for the said tax year.

It is proposed to amend the said sub-section so that an updated return may be furnished by a person for the relevant tax year in pursuance of a notice issued under section

280 within such period as specified in the said notice and in such a case, the assessee shall be precluded from filing of return in pursuance of the said notice in any other manner.

It is also proposed to provide the filing of updated return for reducing the loss in specified circumstances.

It is also proposed to amend clause (e) of sub-section (6) of the said section so as to give the reference of "206(3) and (4)" instead of "206(l)(m) to (p)".

These amendments will take effect from 1st April, 2026.

Clause 58 of the Bill seeks to amend section 266 of the Income-tax Act, 2025 relating to self-assessment.

It is proposed to make consequential amendments in order to bring the changes proposed in the minimum alternate tax regime by giving reference of section 206(3) and (4) instead of 206(1) (m) to (p).

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 59 of the Bill seeks to amend section 267 of the Income-tax Act, 2025 relating to tax on updated return.

It is proposed to make consequential amendments in order to bring changes proposed in the minimum alternate tax regime by giving reference of section 206(3) and (4) instead of section 206(1)(m) to (p).

Sub-section (5) of the said section provides that additional income-tax amounting to 25%, 50%, 60% and 70% of the aggregate of tax and interest payable, shall be paid alongwith original tax and interest payable, for filing the updated return in first, second, third and fourth year, respectively from the end of the financial year succeeding the relevant tax year.

It is proposed to amend the said sub-section so as to prescribe that where an updated return is filed in pursuance of a notice issued under section 280 within the period specified in the said notice, the additional income-tax payable shall be increased by a further sum of 10 % of the aggregate of tax and interest payable on account of furnishing the updated return.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 60 seeks to amend section 270 of the Income-tax Act, 2025 relating to assessment.

It is proposed to amend sub-clause (vi) of clause (a) of sub-section (1) of the said section to omit the reference of section 144.